

Senate Bill No. 1593

CHAPTER 667

An act to amend Sections 50800, 50801, 50801.5, 50802, 50802.5, 50804, 53260, 53265, 53275, 53280, and 53300 of, and to add Sections 50675.12 and 53311 to, the Health and Safety Code, relating to housing.

[Approved by Governor September 24, 2000. Filed
with Secretary of State September 26, 2000.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1593, Burton. Housing programs.

(1) The existing Multifamily Housing Program requires the Department of Housing and Community Development to administer deferred payment loans to be used to pay for the eligible costs of housing development projects. The program requires loans to be provided to projects that meet specified requirements and criteria, such as the ability of the project to serve households at the lowest income levels. Existing law requires the department to report annually to the Governor and the Legislature on housing programs administered by the department.

This bill would require the department to include annually in that report to the Governor and the Legislature a specified report on the Multifamily Housing Program.

(2) Existing law establishes the Emergency Housing and Assistance Program and prohibits the program from conflicting with the federal Steward B. McKinney Homeless Assistance Act. It also requires the Department of Housing and Community Development to adopt regulations regarding the administration of the program and prohibits these provisions from being construed to preclude a provider of emergency shelter or transitional housing from restricting occupancy on the basis of sex.

This bill would define the term "Safe Haven" for purposes of the program. It would require providers of emergency shelter or transitional housing to provide adequate facilities within their range of services so that all members of a family may be housed together.

(3) Existing law requires the Department of Housing and Community Development to ensure that not less than 20% of the moneys in the Emergency Housing and Assistance Fund are allocated to nonurban counties during any given fiscal year. It authorizes the department to determine limits on the amount for capital developments and prohibits the department, or a designated local board, from granting more than \$500,000 to any eligible organization within a region.

This bill would, among other things, require, if the funds allocated to nonurban counties are not awarded by the end of a specified period, to be allocated subsequently to urban counties. It would also require the department to consider, by June 30, 2001, increasing its limits on the amount for operating grants and capital grants, as specified, prohibit a grant of more than \$1,000,000 to any eligible organization within a region in a funding round, and authorize eligible designated local boards to use a specified percentage, not to exceed 2%, of the grant award to defray administrative costs.

(4) The existing California Statewide Supportive Housing Initiative Act requires the State Department of Mental Health to award grants to local government or private nonprofit agencies for services to a target population that is defined to include adults with low incomes having one or more disabilities or individuals eligible for services provided under the Lanterman Developmental Disabilities Services Act and may include specified other groups or individuals. The act establishes a Supportive Housing Program Council to assist with the implementation of the act. The act also requires the department to award grants for up to a 3-year period and in an amount that does not exceed \$450,000 for a single project, and \$1,000,000 for an application from a single jurisdiction for several projects. The act prohibits more than 10% of the amount appropriated in a fiscal year for purposes of the act from being used for state administration of the act.

This bill would, among other things, revise the definition of target population to include veterans, include the Director of the California Tax Credit Allocation Committee on the council, extend the time period for specified grants to not exceed 15 years, and raise the maximum amounts for the grants to \$2,000,000 for a single project and \$3,000,000 for an application from a single jurisdiction for several projects. It would also authorize 10% of the amount appropriated for purposes of the act to be used for state administration of the act, notwithstanding the allocation of specified funds in the Budget Act of 2000. The bill would also require the State Department of Mental Health to prepare and provide annually to the Legislature a report relating to specified information.

The people of the State of California do enact as follows:

SECTION 1. Section 50675.12 is added to the Health and Safety Code, to read:

50675.12. (a) The department shall include in the annual report required by Section 50408 information that describes all of the following:

- (1) The number of projects assisted through the program.
- (2) The types of units assisted through the program.



(3) The location and geographical distribution of the projects and units assisted.

(4) The average cost per project, and cost per unit.

(5) The number of projects and units that have been assisted that serve special needs populations and information related to the types of special needs populations served.

(b) After each Notice of Funding Availability issued for the distribution of funds pursuant to the program, the department shall evaluate the ability of projects that serve families or special needs populations to competitively access the program. Based on its analysis, if the department determines that those projects are not able to apply for or to successfully compete for funding, the department shall make the adjustments it deems appropriate to ensure that these populations are adequately served in subsequent Notices of Funding Availability. These adjustments may include, but are not limited to, making adjustments to threshold requirements, evaluative criteria, or the timing of the issuance of Notices of Funding Availability to ensure that reasonable funding remains available for more complex projects that include the supportive services necessary to serve families and special needs populations.

SEC. 2. Section 50800 of the Health and Safety Code is amended to read:

50800. (a) It is the intent of the Legislature to encourage the provision of shelter, with effective personal rehabilitation and self-sufficiency development services, to homeless persons at as low a cost and as quickly as possible, without compromising the health and safety of shelter occupants. It is also the intent of the Legislature to encourage the move of homeless persons from shelters to a self-supporting environment as soon as possible, to encourage provision of services for as many persons at risk of homelessness as possible, to encourage compatible and effective funding of homeless services, and to encourage coordination among public agencies that fund or provide services to homeless individuals, as well as agencies that discharge people from their institutions, including, but not limited to, child welfare agencies, health care programs, and jails and prisons. Because many communities currently provide shelter and limited services to individuals who are unable or unwilling to comply with traditional housing programs only during cold and wet weather and because year-round shelter will encourage these individuals to accept services and move toward permanent housing, it is also the intent of the Legislature to increase the availability of year-round shelter to meet the special needs of those individuals, including a Safe Haven that provides supportive housing for seriously mentally ill homeless persons.

(b) There is hereby created the Emergency Housing and Assistance Program.

(c) To the extent possible, the Emergency Housing and Assistance Program shall not conflict with the federal Stewart B. McKinney Homeless Assistance Act, as approved on July 22, 1987, cited as Public Law 100-77, as it is, from time to time, amended, and regulations promulgated thereunder by the United States Department of Housing and Urban Development, or its successor.

SEC. 3. Section 50801 of the Health and Safety Code is amended to read:

50801. As used in this chapter:

(a) “Department” means the Department of Housing and Community Development.

(b) “Designated local board” means a group, including social service providers and a representative of local government, that has met department requirements for distribution of grants allocated by the department pursuant to this chapter.

(c) “Director” means the Director of Housing and Community Development.

(d) “Eligible organization” means an agency of local government or a nonprofit corporation that provides, or contracts with community organizations to provide, emergency shelter or transitional housing, or both.

(e) “Emergency shelter” means housing with minimal supportive services for homeless persons that is limited to occupancy of six months or less by a homeless person. No individual or household may be denied emergency shelter because of an inability to pay.

(f) “Nonurban county” means any county with a population of less than 200,000, as published in the most recent edition of Population Estimates of California Cities and Counties, E-1, prepared by the Department of Finance, Population Research Unit.

(g) “Region” means a county or a consortium of counties voluntarily banding together by action of a designated local board.

(h) “Safe Haven” means supportive housing for seriously mentally ill homeless persons, many of whom have cooccurring substance abuse problems, that have been unable or unwilling to participate in high demand housing programs.

(i) “Transitional housing” means housing with supportive services for up to 24 months that is exclusively designated and targeted for recently homeless persons. Transitional housing includes self-sufficiency development services, with the ultimate goal of moving recently homeless persons to permanent housing as quickly as possible, and limits rents and service fees to an ability-to-pay formula reasonably consistent with the United States Department of Housing and Urban Development’s requirements for subsidized housing for low-income persons. Rents and service fees paid for transitional housing may be reserved, in whole or in part, to assist residents in moving to permanent housing.

(j) “Urban county” means any county that is not a nonurban county.

SEC. 4. Section 50801.5 of the Health and Safety Code is amended to read:

50801.5. (a) The department shall adopt regulations for the administration of the Emergency Housing and Assistance Program. The regulations shall govern the equitable distribution of funds in accordance with the intent and provisions of this chapter, and shall ensure that the program is administered in an effective and efficient manner. The regulations shall provide for reasonable delegation of authority to designated local boards, ensure that local priorities and criteria are reasonably designed to address the needs of homeless people, and ensure that designated local boards meet reasonable standards of inclusiveness, accountability, nondiscrimination, and integrity.

(b) The regulations adopted pursuant to this section shall ensure that emergency shelter and services shall be provided on a first-come, first-served basis for whatever time periods are established by the shelter. No individual or household may be denied shelter or services because of an inability to pay. Nothing in this provision shall be construed to preclude a shelter from accepting payment vouchers provided through any other public or private program so long as no shelter beds are reserved beyond sundown for that purpose. Notwithstanding Section 11135 of the Government Code, nothing in this section shall be construed to preclude a provider of emergency shelter or transitional housing from restricting occupancy on the basis of sex. However, in the case of families, providers of emergency shelter or transitional housing shall provide, to the greatest extent feasible, adequate facilities within their range of services so that all members of a family may be housed together, regardless of age and gender.

SEC. 5. Section 50802 of the Health and Safety Code is amended to read:

50802. (a) The department shall ensure that not less than 20 percent of the moneys in the Emergency Housing and Assistance Fund shall be allocated to nonurban counties during any given fiscal year. If the funds designated for facilities operation that are allocated to nonurban counties are not awarded by the end of that fiscal year, then those unencumbered funds shall be allocated in the next fiscal year to urban counties. Funds for capital development that are not awarded by the end of the second fiscal year shall be awarded in the subsequent fiscal year to urban counties.

(b) The amount of funds that the department allocates from the Emergency Housing and Assistance Fund to each region, excluding funds allocated pursuant to subdivision (a), shall be based upon a formula that accords at least 20 percent weight to each of the following factors:

(1) The relative number of persons in the region below the poverty line according to the most recent federal census, updated, if possible, with an estimate by the Department of Finance, compared to the total of the urban counties.

(2) The relative number of persons unemployed within each region, based on the most recent one-year period for which data is available, compared to the total of the urban counties.

(c) Grant funds shall be disbursed as expeditiously as possible by the department.

(d) The department shall use not more than 4 percent of the amount available for funds pursuant to this chapter to defray the department's administrative costs pursuant to this chapter.

SEC. 6. Section 50802.5 of the Health and Safety Code is amended to read:

50802.5. (a) The department shall issue a notice or notices of funding availability to potential applicants and designated local boards, as applicable, as soon as possible after funding becomes available for the Emergency Housing and Assistance Program. Each notice of funding availability shall indicate the amounts and types of funds available under this program.

(b) A designated local board, or the department in the absence of a designated local board, shall solicit, receive, and select among applications for grants pursuant to this chapter from eligible organizations through an open, fair, and competitive process. These applications shall be ranked and selected by a designated local board, or by the department in the absence of a designated local board.

(c) Notwithstanding subdivision (b), the department may restrict a designated local board from selecting any application requesting a grant for capital developments if the amount requested by the application exceeds the limits determined by the department, and the department determines that the designated local board is not qualified to evaluate the application. The department shall establish criteria for distinguishing between a designated local board that may be so restricted and a designated local board that would not be so restricted. A designated local board may appeal to the director, or to the director's designee, any decision made by the department pursuant to this subdivision. The department, by June 30, 2001, shall consider increasing the maximum grant limits to three hundred thousand dollars (\$300,000) for operating grants and five hundred thousand dollars (\$500,000) for capital grants.

(d) The department, or the designated local board, as applicable, shall not grant more than one million dollars (\$1,000,000) to any eligible organization within a region in a funding round even if the eligible organization has filed multiple applications.

(e) The department shall determine requirements of the grant contract and shall contract directly with the grant recipient. The department shall not delegate this function to the designated local

boards. Eligible designated local boards may use a percentage of the regional award funds to defray administrative costs. The department shall establish this percentage, which shall not exceed 2 percent.

(f) The designated local board shall regulate the performance of any grant contract within their region, subject to department oversight and requirements established by the department.

(g) The department shall not perform a secondary rating or ranking review on those grant applications that have been solicited, received, and selected by a designated local board according to a local ranking criterion that has been approved by the department.

SEC. 7. Section 50804 of the Health and Safety Code is amended to read:

50804. (a) Each designated local board shall submit to the department for approval, a local emergency shelter strategy for its region, describing the procedures for complying with requirements pursuant to this chapter and the regulations promulgated thereunder. The department shall establish, by regulation, the types of information that each designated local board shall include in the strategy, including, but not limited to, each of the following:

(1) A statement of goals and how goals will be achieved.

(2) A statement of priorities and how the priorities complement the local continuum of care planning process.

(3) A description of the application process and ranking criteria for the Emergency Housing and Assistance Program.

(4) Copies of application forms for the Emergency Housing and Assistance Program that the designated local board will use to evaluate requests for grants.

(5) A statement of how grant recipients shall be encouraged to develop year-round emergency shelters and transitional housing to meet the diverse needs of the homeless populations that include families, youth, and persons with physical and mental disabilities, people who are addicted to alcohol and drugs, people living with HIV/AIDS, veterans, the elderly, and pregnant women. Also, a description of how the local plan serves the needs of individuals and families at risk of homelessness as a result of eviction.

(b) The department shall establish a deadline, by which date the designated local board shall be required to submit a strategy for the department's review.

(c) Upon the department's approval of a strategy, the designated local board shall make the strategy broadly available to shelter and service providers and to other interested persons in its region.

SEC. 8. Section 53260 of the Health and Safety Code is amended to read:

53260. For the purposes of this chapter, the following definitions apply:

(a) "Council" means the Supportive Housing Program Council.

(b) “Lead agency” means the State Department of Mental Health, which shall be the governmental agency that is primarily responsible for administering this chapter.

(c) “Supportive housing” means housing with no limit on length of stay, that is occupied by the target population, and that is linked to onsite or offsite services that assist the tenant to retain the housing, improve his or her health status, maximize their ability to live and, when possible, to work in the community. This housing may include apartments, single-room occupancy residences, or single-family homes.

(d) “Target population” means adults with low incomes having one or more disabilities, including mental illness, HIV or AIDS, substance abuse, or other chronic health conditions, or individuals eligible for services provided under the Lanterman Developmental Disabilities Services Act (Division 4.5 (commencing with Section 4500) of the Welfare and Institutions Code) and may, among other populations, include families with children, elderly persons, young adults aging out of the foster care system, individuals exiting from institutional settings, veterans, or homeless people.

SEC. 9. Section 53265 of the Health and Safety Code is amended to read:

53265. (a) In order to encourage the integration of housing and services, it is the intent of the Legislature to promote interagency coordination and collaboration among not only local private and public agencies, but also among the state agencies responsible for the provision of housing and support services to very low income Californians.

(b) Therefore, there is hereby established the Supportive Housing Program Council to assist with the implementation of this chapter.

(c) Members of the council shall include all of the following:

(1) The following state officials or their designees.

(A) The Secretary of the Health and Welfare Agency.

(B) The Secretary of the Business, Transportation and Housing Agency.

(C) The Directors of the State Department of Mental Health, the State Department of Developmental Services, the State Department of Social Services, the State Department of Health Services, the California Department of Aging, the Department of Housing and Community Development, the State Department of Alcohol and Drug Programs, the California Housing Finance Agency, the Department of Rehabilitation, the California Tax Credit Allocation Committee, and the Department of Employment Development.

(2) Three consumer representatives from the target population, appointed by the Secretary of the Health and Welfare Agency, shall also serve on the council.

(d) The duties of the council shall include all of the following:



(1) Developing, promoting, and implementing policy supporting this chapter.

(2) Assisting the lead agency in reviewing the requests for grant applications, reviewing grant applications submitted to the lead agency, and providing the lead agency with recommendations for awarding grants pursuant to Section 53275.

(3) Reviewing input regarding program policy and direction from individuals and entities with experience with the target population.

(4) Assisting the lead agency to coordinate programs under this chapter with special needs housing programs offered by government or private lenders.

(5) Assisting the lead agency in fulfilling its responsibilities under this chapter.

(6) Providing recommendations to the lead agency regarding this chapter.

(7) At the request of the lead agency, assisting agencies in planning and implementing this chapter including assisting with local technical assistance.

SEC. 10. Section 53275 of the Health and Safety Code is amended to read:

53275. (a) Grants shall be awarded by the lead agency based upon the recommendations of the council and pursuant to this chapter. The lead agency shall issue requests for applications for awarding the grants, which shall specify maximum dollar amounts for which grants may be awarded. The request for applications also shall specify other criteria, as required by this chapter. Applicants may apply for a single supportive housing project, or may submit a single application for several projects.

(b) The lead agency shall award grants as follows:

(1) Grants shall be awarded for up to a three-year period except for grants from funds transferred to, or administered by, the Department of Housing and Community Development, and awarded for housing costs, in which case the grants may be awarded for a period not to exceed 15 years. Each award shall be in an amount not to exceed two million dollars (\$2,000,000) for a single project, or three million dollars (\$3,000,000) for an application from a single jurisdiction for several projects at the discretion of the lead agency, in consultation with the council. At the discretion of the lead agency, these grants may include up to twenty-five thousand dollars (\$25,000) for one-time startup grants which may be used, among other things, for purchasing equipment or furniture, hiring staff, designing a program evaluation, or hiring a consultant.

(2) All grants awarded under this subdivision shall be matched by the grantee with fifty cents (\$0.50) for each one dollar (\$1) awarded in the first year, one dollar (\$1) for each one dollar (\$1) awarded in the second year, and one dollar and fifty cents (\$1.50) for each one dollar (\$1) awarded in the third year and, to the extent that this

funding continues, in subsequent years. The match shall be contributed in cash or as services or resources of comparable value. It is the intent of the Legislature that participants seek and utilize private funds, or public funds administered by the federal or local governments for this purpose.

(3) In order to receive a grant under this chapter, an applicant shall demonstrate a need for supportive housing for low-income individuals with special needs and a local commitment to providing funding for the purpose of developing and operating supportive housing.

(c) A local nonprofit agency or local government agency shall be eligible for a grant under this chapter if it demonstrates in its program plan that it:

(1) Meets local priorities for supportive housing as identified in a publicly adopted planning document, such as the Consolidated Plan prepared for the Department of Housing and Urban Development, the Continuum of Care Plan, or a local plan for housing services for the target population.

(2) Provides evidence that affordable housing linked to services appropriate to the target population will be made available.

(3) Has established collaborative agreements with housing and service programs to deliver the necessary services and housing to the target population.

(4) Requests funding supplements and does not supplant existing funding.

SEC. 11. Section 53280 of the Health and Safety Code is amended to read:

53280. The lead agency shall give preference to proposals that do any of the following:

(a) Provide supportive housing to underserved target groups for which few alternative resources are available.

(b) Demonstrate collaborative agreements between entities that fund and provide local public and private housing services.

(c) Demonstrate cost avoidance as compared to other housing and service or institutional options available to the specific target population.

(d) Propose to serve the target population with an average income of not more than 100 percent of the federal poverty guidelines, or higher at the discretion of the council.

(e) Demonstrate the capacity and readiness to begin operation of a supportive housing program within one year of receiving the grant.

(f) Demonstrate linkages to programs established under the Adult and Older Adult Mental Health System of Care Act (Part 3 (commencing with Section 5801) of Division 5 of the Welfare and Institutions Code), or other integrated services projects supported with state or local government funds.

SEC. 12. Section 53300 of the Health and Safety Code is amended to read:

53300. (a) No more than 10 percent of the amount appropriated in a fiscal year for the purposes of this chapter may be used for state administration of this chapter, including evaluation and technical assistance. Technical assistance shall include, but is not limited to, assisting with collaborations, providing information, and convening training workshops. The Legislature shall be notified of the administrative costs of this program pursuant to Section 28 of the Budget Act.

(b) Notwithstanding the allocation of funds in the Budget Act of 2000 for the supportive housing initiative to the local assistance Item 4440-101-0001, up to 10 percent of the funds may be spent for administrative costs, as defined in subdivision (a).

(c) Notwithstanding any other provision of law, the lead agency shall make all grant awards from funds allocated in the Budget Act of 2000 for the supportive housing initiative no later than June 30, 2001, and shall expend the funds allocated for those grants no later than June 30, 2004, except for grants awarded for housing costs, as specified in paragraph (1) of subdivision (b) of Section 53275.

SEC. 13. Section 53311 is added to the Health and Safety Code, to read:

53311. The lead agency shall annually prepare and provide a report to the Legislature no later than July 1 of each year that describes all of the following:

- (a) The number of persons housed pursuant to the program.
- (b) The extent of housing stability.
- (c) The demographic characteristics of those housed pursuant to the program, including veterans, people with mental illness, people with substance abuse histories, single adults, and families with children.
- (d) The counties and cities in which the housing is located.
- (e) The changes in income levels of those housed.
- (f) Improvements in health status, to the extent available.

